FISCAL NOTE

HB 2667 - SB 2751

February 26, 2004

SUMMARY OF BILL: Requires all gasoline offered for sale in Tennessee to contain at least 5% ethanol by volume beginning July 1, 2005. Requires the Commissioner of Agriculture:

- to audit the records of blenders to ensure that each blender has met all requirements.
- to promulgate rules and regulations to effectuate the provisions of this bill.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues – Exceeds $100,00/Highway Fund Beginning FY05-06

Increase State Expenditures – $260,600 Beginning FY05-06

Estimate assumes

- To the extent that ethanol alcohol may be more expensive than other additives that may be used to boost octane ratings in blended gasoline, the cost and price of gasoline may be higher. Higher prices will result in slightly reduced demand within Tennessee and will further result in cross-border loss of sales to adjoining states that have lower gasoline taxes than Tennessee. The impact of the reduction in gasoline tax revenue in Tennessee is estimated to exceed $100,000 to the highway fund beginning in FY 2005-2006.
- An increase in expenditures of $10,600 to the Department of Agriculture for travel and related expenses for one existing employee to perform audits at the 35 terminals and refineries in Tennessee.
- An increase in expenditures of $250,000 for a 50 percent increase in the current contract the Department has for gasoline analysis. It is estimated that there will be an increase of 50 percent in motor fuel samples to monitor compliance with the ethanol requirement.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

James W. White, Executive Director